

1-1 By: Murr (Senate Sponsor - Perry) H.B. No. 260
 1-2 (In the Senate - Received from the House April 17, 2023;
 1-3 April 19, 2023, read first time and referred to Committee on Local
 1-4 Government; May 15, 2023, reported favorably by the following
 1-5 vote: Yeas 7, Nays 0; May 15, 2023, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7 Bettencourt	X			
1-8 Springer	X			
1-9 Eckhardt			X	
1-10 Gutierrez			X	
1-11 Hall	X			
1-12 Nichols	X			
1-13 Parker	X			
1-14 Paxton	X			
1-15 West	X			

1-17 A BILL TO BE ENTITLED
 1-18 AN ACT

1-19 relating to the calculation of net to land in the appraisal of
 1-20 open-space land for ad valorem tax purposes.

1-21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-22 SECTION 1. Section 23.51(4), Tax Code, is amended to read as
 1-23 follows:

1-24 (4) "Net to land" means the average annual net income
 1-25 derived from the use of open-space land that would have been earned
 1-26 from the land during the five-year period preceding the year before
 1-27 the appraisal by an owner using ordinary prudence in the management
 1-28 of the land and the farm crops or livestock produced or supported on
 1-29 the land and, in addition, any income received from hunting or
 1-30 recreational leases. The chief appraiser shall calculate net to
 1-31 land by considering the income that would be due to the owner of the
 1-32 land under cash lease, share lease, or whatever lease arrangement
 1-33 is typical in that area for that category of land, and all expenses
 1-34 directly attributable to the agricultural use of the land by the
 1-35 owner shall be subtracted from this owner income and the results
 1-36 shall be used in income capitalization. In calculating net to land,
 1-37 a reasonable deduction shall be made for any depletion that occurs
 1-38 of underground water used in the agricultural operation. In this
 1-39 subdivision, "wildlife or livestock disease or pest area" means an
 1-40 area designated by a state agency as an area in which a disease or
 1-41 pest that affects wildlife or livestock exists or may exist,
 1-42 including a chronic wasting disease containment or surveillance
 1-43 zone and an area subject to a quarantine authorized by Subtitle C,
 1-44 Title 6, Agriculture Code. In calculating net to land of open-space
 1-45 land located in or adjacent to a wildlife or livestock disease or
 1-46 pest area, the chief appraiser shall take into consideration the
 1-47 effect that the presence of the applicable disease or pest or the
 1-48 designation of the area has on the net income from the land. For
 1-49 land that qualifies under Subdivision (7) for appraisal under this
 1-50 subchapter, the chief appraiser may not consider in the calculation
 1-51 of net to land the income that would be due to the owner under a
 1-52 hunting or recreational lease of the land.

1-53 SECTION 2. The change in law made by this Act applies only
 1-54 to the appraisal of open-space land for a tax year that begins on or
 1-55 after the effective date of this Act.

1-56 SECTION 3. This Act takes effect January 1, 2024.

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